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Indonesia

Poultry and Products

Indonesia Bans Poultry Part Imports

2000

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Report Highlights:

On September 25, 2000, Indonesia's Director General of Livestock Services issued a ban on imports of chicken parts. According to government officials, the ban stems from a desire to protect the local poultry industry from low-cost imports and fears that non-Halal products might be entering the market. FAS/Jakarta has delivered an official request for Indonesia to rescind the ban as well as the Importer Letter of Recommendation which has also reportedly been used to limit trade.

Includes PSD changes: No
Includes Trade Matrix: No
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ISSUE

On September 25, 2000, the Director General of Livestock, Indonesian Ministry of Agriculture (MOA) issued a directive banning imports of "chicken cuts/parts (e.g. : chicken leg quarters, chicken wing, chicken breast, etc.)". The directive does not specify a date of implementation nor duration, but reports from the trade indicate that it has been effectively implemented as early as July 2000.

MOA officials have confirmed that the Government of Indonesia (GOI) took the action in order to protect domestic poultry producers from imports of lower-priced chicken leg quarters and due to fears that the chicken being imported was not certified Halal. The GOI does not have special safeguards (SSG) in place for chicken meat under the WTO. Thus, FAS/Jakarta has requested an investigation of the propriety of this policy under Indonesia's international commitments. Indonesia has a WTO bound rate on poultry meat of 40 percent and currently imposes a 5 percent import tariff. Foreign Halal certification centers must be certified by the Indonesian Islamic Council (MUI). For example, there are currently four U.S. Islamic Centers eligible to export chicken to Indonesia, approved by MUI which are : Islamic Food and Nutrition Council of America (IFANCA), Islamic Food Authority, Inc. USA, Islamic Center of Omaha, and International Institute of Islamic Thoughts c/q Marjac Abbatoir. The GOI is in the process of announcing one more center : Islamic Service of America.

FAS/Jakarta has held several meetings with GOI officials representing the Ministry of Agriculture and the Ministry of Industry and Trade (MOIT). During the most recent meeting, on November 1, FAS/Jakarta requested immediate action to (1) rescind the ban and (2) review use of the Letter of Recommendation for Import as a tool for limiting trade of poultry and beef. MOA officials reiterated their reasons for instituting the ban while WTO representatives from both MOA and MOIT were receptive to reviewing the request. Nevertheless, to date no movement has been made. The issue was also raised by the U.S. Ambassador to the Indonesian Minister of Industry and Trade and by the Charge d'Affaires and Agricultural Counselor to the Minister of Agriculture. Both Ministers indicated that they were unaware of the problem but would investigate and provide a response, which is still forthcoming. The United States is undertaking its own investigation and will as a result take immediate steps to resolve the issue either bilaterally or under international fora.

Background

The recent ban is the latest step in a long history of protection of poultry producers through a written prior approval process known as Surat Rekomendasi Importir (SRI). Each importer is required to submit an SRI stating the type of commodity to be imported, processing plant number, Halal certification, proposed date of import, country of origin, quantity, and port of entry. According to MOA officials, the volume of imports can be reduced subject to conflict with domestic production and if approved the final destination of the product is adjusted so as to not compete with designated domestic markets.

Indonesia is expected to import around 6,000 metric tons of chicken parts in CY2000, an increase of

50 percent over the previous year but still just a fraction of total consumption. During the January to June period, total imports of chicken meat was 3,583 mt, of which 91 percent is chicken parts and 9 percent is whole chicken. The U.S. supplies 74 percent of total chicken parts imports. Reportedly, the price of chicken leg quarters is currently Rp 7,000 - 7,500 /kg (1 US\$ = Rp 9,000) whereas for whole chickens the price is Rp 10,000 - Rp 11,000 / kg. Both prices have increased by about 15 percent since the regulation. It is estimated that if the ban is not lifted by November 10, importers will not be able to ship their orders before the Ramadan and Christmas seasons which could leave the market in short supply and send prices even higher. With respect to consumption, this year poultry consumption (whole bird and parts) will be 744,000 mt. Thus, domestic production of 734,000 mt covers 99 percent of Indonesia's domestic needs. This fact is inconsistent with the claim that the import ban is necessary to protect domestic producers.

Exchange Rate (Rupiah/US\$ on a Period Ending Basic)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1997	2387	2403	2418	2443	2458	2450	2528	2190	3350	3700	3740	5700
1998	13513	9377	8740	8211	10767	15160	13850	11700	11314	9142	7755	8100
1999	9419	8992	8778	8632	8179	6750	6989	7736	8571	6949	7439	7161
2000	7414	7517	7598	7988	8728	8742	9055	8290	8780	8958		

Source : Central Statistics Agency (BPS) and Business Indonesian Daily Newspaper

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